



IndustriVärden is one of the Nordic region's leading industrial development companies

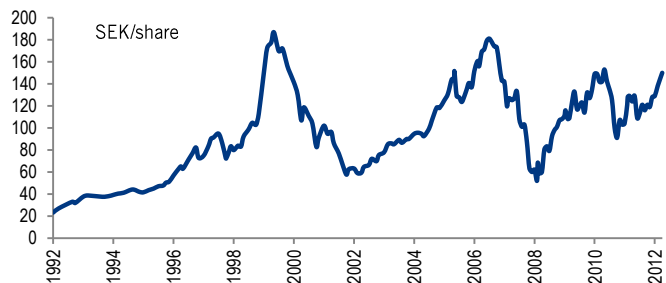
www.industrivarden.net

Interim report

January 1–March 31, 2013

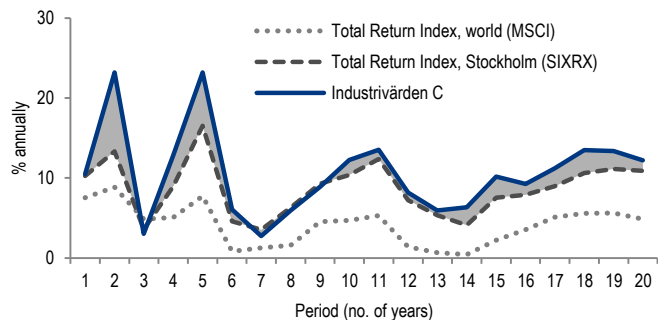
- > **The total return** for the first quarter was 11% for the Class A shares and 10% for the Class C shares, compared with 10% for the total return index (SIXRX). For the longer ten-year period, the Class C shares generated an excess return of +1 percentage point per year above the total return index.
- > **Net asset value** on March 31, 2013, was SEK 150 per share, an increase of SEK 21 per share, or 17% since the start of the year. Earnings per share for the first quarter totaled SEK 21.00 per share (20.27).
- > **New, long-term ownership position of 10% of the shares in ICA Gruppen (Hakon Invest)**, one of the leading retail companies in the Nordic region. The investment amounts to SEK 2.4 billion including SEK 0.5 billion through the announced new issue.
- > **The holding in Höganäs was sold** for SEK 1.4 billion to H Intressenter, generating an annual total return of 11% for the holding period.
- > **The convertible loan of SEK 500 M EUR maturing in 2015 is "in the money"** and conversions to 13 588 new Class C-shares were made during the first quarter.

NET ASSET VALUE



During the last twenty-year period, net asset value, incl. reinvested dividends, has increased by 12% per year.

AVERAGE ANNUAL TOTAL RETURN FOR EACH TIME PERIOD



For the longer 5-, 10-, 15- and 20-year periods, IndustriVärden's Class C share generated a higher total return than the Stockholm Stock Exchange's total return index. This performance is even stronger in comparison with a European or world index.

CEO's message

More positive climate

With one quarter completed in 2013, it is clear that the general climate – in the real economy as well as in the financial markets – is more positive than it was during the second half of 2012. In its latest World Economic Outlook from January, the IMF has forecast global growth of 3.5% in 2013, compared with 3.2% for 2012. However, the problems persist in southern Europe, which is reflected in the uncertain outcome of the election in Italy, among other things. In addition, the political gridlock in the U.S. is a continued source of anxiety surrounding the economic recovery which, despite this, is increasingly more apparent. The Swedish economy is stronger than what was forecast at

the end of 2012. However, higher Swedish interest rates compared with the Eurozone and a strengthening of the Swedish krona, affects Sweden's export industry negatively.

“Industrivärden performed well last year – a trend that continued into the first quarter of 2013. At the end of the quarter, net asset value amounted to SEK 58 billion, or SEK 150 per share, an increase of 17% for the year to date, compared with 10% for the return index.”

Favorable dividend levels among the portfolio companies

In many of our portfolio companies, we have seen improved order bookings and

an upswing in capacity utilization. The portfolio companies have also managed to strengthen their balance sheets since the start of the financial crisis five years ago. With the annual meeting "season" now upon us, it is therefore gratifying to see how this, with a few exceptions, has enabled favorable dividend levels. In times of low interest rates, dividend yields make a strong contribution to value development in our companies. It is therefore good that our portfolio companies have strong balance sheets and that no company is facing any immediate need for new funding. This, together with good cash flows, creates scope for the investments and acquisitions needed for future growth in value, and it enables continued favorable dividends.

Industrivärden performed well during the first quarter

Industrivärden performed well last year – a trend that continued into the first quarter of 2013. At the end of the quarter, net asset value amounted to SEK 58 billion, or SEK 150 per share, an increase of 17% for the year to date, compared with 10% for the return index. During the same period, the total return was 11% for the Class A shares and 10% for the Class C shares, compared with 10% for the return index. Industrivärden's stock is showing a favorable excess return above the return index in the longer time periods.

New ownership position in ICA Gruppen

In February it was announced that Industrivärden will be a new long-term owner with 10% of the shares in ICA, one of the leading retail companies in the Nordic region, with sales of approximately SEK 100 billion. The shares were purchased from the Association of ICA Retailers in connection with its invitation to Industrivärden to participate in a strategic ownership cooperation for ICA. Our investment amounts to SEK 2.4 billion including SEK 0.5 billion through the participation in ICA Gruppen's announced new issue. ICA is a market leader with a strong brand and has shown favorable volume growth with widening margins for many years. The company's success rests on a foundation of local entrepreneurship combined with economies of scale in purchasing and investments, among other areas. As an active owner we will contribute our expertise in primarily strategic, financial and governance matters. We believe that ICA has great potential for continued good cash flow generation and growth in value.

Divestment of Höganäs

In February we also sold our entire holding in Höganäs to Lindéngruppen and Foundation Asset Management (FAM) for slightly more than SEK 1.4 billion. During eight years as an active owner of Höganäs we – together with the principal owner Lindéngruppen – played a role in developing the company to attain a leading position in metal powders. For us it is a natural step to sell the holding when the principal owner has chosen to further develop the company outside the stock market. Höganäs's favorable growth and profitability are reflected in the return we earned on our investment. Taking dividend income and stock buybacks into account during the holding period, our annual total return was 11%, compared with 10% annually for the stock market's return index.

Conversion of convertible loan

The convertible loan that matures in 2015 is now significantly “in the money”, entailing that the loan has started to be converted. Through conversion, our debt will be transformed to equity at the same time that the number of Class C shares in issue will increase, which will improve the stock's liquidity.

On May 7 Industrivärden will hold its Annual General Meeting at the Grand Hotel in Stockholm (Vinterträdgården hall). I hope as many shareholders as possible will participate and take advantage of this opportunity to ask questions and share their views. Welcome!

Anders Nyrén

Overview

COMPOSITION OF NET ASSET VALUE AND TOTAL RETURN FOR THE PORTFOLIO COMPANIES

Portfolio companies	3/31/2013						1Q: 2013	
	No. of shares	Ownership in company, %		Share of value, %	Market value		Total return	
		Capital, %	Votes, %		SEK M	SEK/share	SEK M	%
Handelsbanken A	64 251 679	10.1	10.3	23	17 894	46	3 657	25
Sandvik	142 617 757	11.4	11.4	19	14 290	37	-472	-3
Volvo A	131 506 918	6.4	19.0	17	12 981	34	677	6
Volvo B	5 500 000							
SCA A	42 000 000	10.2	29.4	16	12 084	31	1 905	19
SCA B	30 027 000							
Ericsson A	85 308 520	2.6	15.1	9	6 778	18	1 317	24
Skanska A	12 667 500	7.6	24.4	5	3 769	10	397	11
Skanska B	19 329 795							
SSAB A	56 105 972	17.6	22.6	4	2 819	7	-391	-12
SSAB B	754 985							
Indutrade	11 902 692	29.8	29.8	4	2 720	7	419	16
ICA Gruppen (Hakon Invest)	16 100 000	10.0	10.0	3	2 698	7	791	41
Höganäs B	-	-	-	-	-	-	315	29
Total				100	76 033	197	8 615	
Other				0	329	1	36	12
Equities portfolio				100	76 362	198	8 651	13
Interest-bearing net debt					-18 227	-48	Index:	10
of which, convertible loans					-8 188	-21		
Net asset value					58 135	150		
Net debt-equities ratio						24%		
Net asset value after full conversion						144		
Net debt-equities ratio after full conversion						13%		

DEVELOPMENT OF NET ASSET VALUE DURING THE LAST YEAR

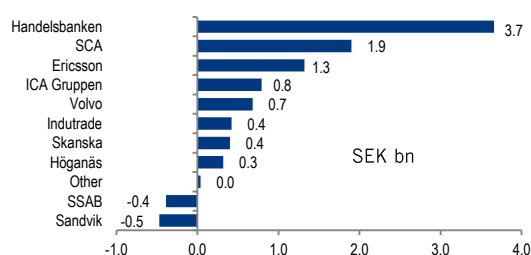
SEK/Share	3/31/2013	12/31/2012	9/30/2012	6/30/2012	3/31/2012
Equities portfolio	198	176	164	155	164
Interest-bearing net debt	-48	-47	-43	-42	-40
of which, convertible loans	-21	-22	-21	-22	-22
Net asset value	150	129	121	113	124
Net debt-equities ratio	24%	27%	26%	27%	25%
Net asset value after full conversion	144	126	119	113	123
Net debt-equities ratio after full conversion	13%	14%	13%	13%	11%

Performance

Net asset value

During the first quarter of 2013 net asset value increased by SEK 8.3 billion to SEK 58.1 billion. Net asset value per share increased by SEK 21 to SEK 150, or 17% including reinvested dividends, compared with a 10% rise in the total return index (SIXRX). At the same time, net asset value amounted to SEK 144 per share after full conversion of the convertible loans.

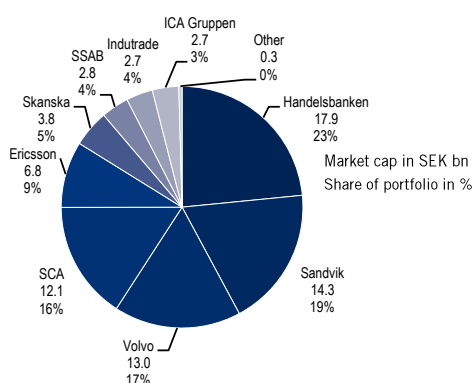
EQUITIES PORTFOLIOS' CONTRIBUTION TO NET ASSET VALUE, 1Q:2013



Equities portfolio

During the first quarter of 2013 the value of the equities portfolio, adjusted for purchases and sales, increased by SEK 7.9 billion to 76.4 billion. The holdings in ICA Gruppen, Ericsson, Handelsbanken, SCA, Indutrade and Skanska generated higher total returns than the total return index. The portfolio generated a total return of 13%, compared with 10% for the total return index.

SPLIT OF EQUITIES PORTFOLIO AS PER MARCH 31, 2013



Investment activities

In an effort to generate excess returns, equity transactions are carried out normally through short-term derivative transactions, with favorable results.

During the first quarter of 2013, stocks were purchased for SEK 3 608 M and sold for SEK 3 266 M. The largest sales were in Höganäs, for SEK 1 411 M and Indutrade, for SEK 601 M. The largest purchases were in ICA Gruppen (Hakon Invest), for SEK 1 908 M, followed by Volvo, for SEK 547 M.

In February 2013 it was announced that Industrivärden will become a new, long-term owner with 10% of the votes and capital in the new ICA Gruppen (Hakon Invest), one of the leading retail companies in the Nordic region. The investment amounts to SEK 2.4 billion, including SEK 0.5 billion through the future new issue, in which Industrivärden intends to subscribe for its share.

In February 2013 Industrivärden also sold its entire holding in Höganäs to H Intressenter, a company jointly owned by Lindéngruppen and FAM, which at the same time made a public offer for Höganäs. Including dividends received and stock repurchases during the holding period since 2004, Industrivärden's total annual return was 11%.

Dividends

Dividends from portfolio companies amounted to SEK 691 M during the first quarter 2013. Dividends received from portfolio companies are expected to amount to SEK 2 492 M during 2013. In 2012, dividends received from portfolio companies amounted to SEK 2 391 M, while Industrivärden distributed SEK 1 738 M in dividends to the shareholders. The Board of Directors proposes a dividend of SEK 5.00, or SEK 1.9 billion, for 2013, corresponding to a dividend yield of 4.6% for the Class C shares at year-end 2012. At that same point in time, the forecasted dividend yield for the Stockholm Stock Exchange was 3.7%.

Net debt

Industrivärden's interest-bearing net debt amounted to SEK 18.2 billion on March 31, 2013. The debt-equities ratio was 24%, and the equity ratio was 73% (72%). Assuming full conversion of outstanding convertible loans, totaling SEK 8.2 billion, interest-bearing net debt amounted to SEK 10.0 billion, and the debt-equities ratio was 13%.

The convertible loans are hedged, entailing that translation effects have no bearing on net asset value.

At the end of the quarter, interest-bearing liabilities had an average fixed interest period and capital duration of approximately three years and carried an average interest rate of 3.3%.

No part of the Group's borrowings is conditional on a certain credit rating or actual debt-equities ratio. Industrivärden's current credit rating is A-/Stable/A-2 (S&P).

Convertible loans

For the convertible loan that matures in 2015, the conversion price is SEK 112.87/share (corresponding to EUR 11.04/share), whereby a maximum of 45.3 million Class C shares would be added upon full conversion. Conversion is done at a fixed exchange rate of SEK 10.2258/EUR 1, entailing that at an actual exchange rate of SEK 8.34/EUR 1, it is profitable to convert when the share price exceeds SEK 92/share. For the convertible loan that matures in 2017, the conversion price is SEK 159.91/share (fixed exchange rate of SEK 8.8803/EUR 1), and in the corresponding manner, it is profitable to convert when the share price exceeds SEK 150/share.

Upon conversion of the loans, the debt is converted to equity, and the number of shares outstanding increases. Net asset value per share will therefore decrease; however, it would have been lower if the shareholders had not benefited from the leverage effect provided by the convertible loans. Conversion does not give rise to any financial dilution, since the loans are invested in the equities portfolio, and the conversion price has been set at a premium to net asset value.

Short-term trading and management costs

During the first quarter of 2013, Industrivärden's short-term trading generated a profit of SEK 24 M (52). Management costs amounted to SEK 31 M (29). Industrivärden's management cost was 0.16% of managed assets, which is considerably lower than for most comparable investment alternatives.

Financial statements

INDUSTRIVÄRDEN GROUP

SEK M	2013	2012	2012
	Jan.-March	Jan.-March	Jan.-Dec.
INCOME STATEMENT			
Dividend income from stocks	691	1 043	2 391
Change in value of stocks, etc.	7 573	6 913	9 205
Other income and expenses*	-7	24	-5
Operating income	8 257	7 980	11 591
Financial items	-144	-151	-583
Income after financial items	8 113	7 829	11 008
Tax	0	0	0
Net income for the period	8 113	7 829	11 008
Earnings per share, SEK	21.00	20.27	28.50
Earnings per share after dilution, SEK	18.58	18.16	25.83
STATEMENT OF COMPREHENSIVE INCOME			
Income for the period	8 113	7 829	11 008
<i>Items that are not be reversed in the income statement</i>			
Actuarial gains and losses on pensions	0	0	-39
<i>Items that can later be reversed in the income statement</i>			
Change in hedging reserve	69	13	27
Comprehensive income for the period	8 182	7 842	10 996
BALANCE SHEET as per end of period			
Equities	76 362	63 640	68 077
Other non-current assets	86	57	85
Total non-current assets	76 448	63 697	68 162
Short-term equity investments	358	334	86
Cash and cash equivalents	165	179	55
Other current assets	208	1 133	299
Total current assets	731	1 646	440
Total assets	77 179	65 343	68 602
Shareholders' equity	56 562	46 962	48 378
Non-current interest-bearing liabilities	14 923	15 532	14 235
Non-current non interest-bearing liabilities**	1 653	1 029	1 285
Total non-current liabilities	16 576	16 561	15 520
Current interest-bearing liabilities	3 640	1 379	4 305
Other liabilities	401	441	399
Total current liabilities	4 041	1 820	4 704
Total shareholders' equity and liabilities	77 179	65 343	68 602
CASH FLOW			
Cash flow from operating activities	163	-439	1 809
Cash flow from investing activities	-342	718	-1 114
Cash flow from financing activities***	273	-157	-699
Cash flow for the period	94	122	-4
Exchange rate difference in cash and cash equivalents	16	0	2
Cash and cash equivalents at end of period	165	179	55

* Including short-term trading and management costs.

** Of which, the option portion of the convertible loans, totaling SEK 1 462 M (1 018), which at the times of issue amounted to a combined total of SEK 982 M.

*** Of which, dividends of SEK 1 738 M paid to the shareholders in 2012.

SEK M	2013 Jan.-March	2012 Jan.-March	2012 Jan.-Dec
Changes in shareholders' equity			
Opening shareholders' equity as per balance sheet	48 378	39 120	39 120
Comprehensive income for the period	8 182	7 842	10 996
Conversion	2	0	0
Dividend	0	0	-1 738
Closing shareholders' equity as per balance sheet	56 562	46 962	48 378
KEY DATA as per end of the period			
Net asset value per share, SEK	150	124	129
Net asset value per share after full conversion, SEK	144	123	126
Share price (Class A), SEK	123	105	111
Share price (Class C), SEK	119	98	108
Number of shares (thousands)*	386 285	386 271	386 271
INTEREST-BEARING NET DEBT at end of the period			
Cash and cash equivalents	165	179	55
Interest-bearing assets	171	1 099	190
Non-current interest-bearing liabilities**	14 923	15 532	14 235
Current interest-bearing liabilities	3 640	1 379	4 305
Interest-bearing net debt	18 227	15 633	18 295

* Number of shares upon full conversion (thousands), 462 113.

**Of which, convertible loans SEK 8 188 M (8 502).

INDUSTRIVÄRDEN PARENT COMPANY

SEK M	2013 Jan.-March	2012 Jan.-March	2012 Jan.-Dec.
INCOME STATEMENT			
Operating income	2 226	3 720	4 100
Income after financial items	2 133	3 650	3 849
Income for the period	2 133	3 650	3 849
Comprehensive income for the period	2 142	3 652	3 846
BALANCE SHEET AS PER END OF THE PERIOD			
Non-current assets	48 488	43 770	44 889
Current assets	296	2 012	1 830
Total assets	48 784	45 782	46 719
SHAREHOLDERS' EQUITY	33 604	33 043	31 460
Non-current liabilities	12 731	11 830	13 238
Current liabilities	2 449	909	2 021
Total shareholders' equity and liabilities	48 784	45 782	46 719

Accounting policies and notes

Accounting policies

This interim report has been prepared in accordance with IAS 34 Interim Financial Reporting. The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as endorsed by the EU, and the Swedish Annual Accounts Act. The Parent Company's financial statements have been prepared in accordance with RFR 2 – Accounting for Legal Entities, and the Swedish Annual Accounts Act.

Effective January 1, 2013, the amendments to IAS 19 Employee Benefits took effect. The amendments entail elimination of the opportunity to use the corridor method, and that the expected return is no longer used for calculating return on plan assets. All changes in pension liability are recognized in the period in which they were incurred. Service and interest costs are recognized in the income statement, while remeasurements of actuarial gains and losses are recognized in other comprehensive income. The revised standard is applied retrospectively, and the reported amounts for 2012 have been recalculated. An actuarial computation is performed once a year and the effects are reported in the fourth quarter.

In accordance with IAS 19 (revised), in the opening balance for 2012, the reported pension liability has increased by SEK 16 M, since the unrecognized portion of the pension liability cannot be recognized off the balance sheet. Shareholders' equity has decreased by SEK 20 M. Comprehensive income for 2012 has decreased by SEK 39 M.

Application of the new IFRS 13 and amendments in IFRS 7 entails that additional disclosures have been provided. Other new or amended IFRSs and IFRIC interpretations have not had any effect on the Group's or Parent Company's results of operations or financial position.

Risks and uncertainties

The dominant risk in Industrivärden's business is share price risk, i.e., the risk of a decrease in value caused by changes in share prices.

A 1% change in the share price of the holdings in the equities portfolio as per March 31, 2013, would have affected its market value by approximately +/- SEK 750 M.

Fair value measurement of financial instruments

In accordance with IFRS 7, financial instruments are measured at fair value according to a three level hierarchy. Classification is based on input data that is used in measuring the instruments. Level 1 uses quoted prices in an active market, such as stocks listed on the Stockholm Stock Exchange. Level 2 uses other observable market data for the asset or liability than quoted prices, such as volatility. For level 3, fair value is determined according to a valuation technique that is based on assumptions that are not based on prices or observable data.

Responsibility for fair value measurement, which is based on documentation produced by the Company's risk manager, rests with management. ISDA agreements exist with the pertinent counterparties.

3/31/2013	Level 1	Level 2	Level 3	Total
Assets				
Equities	76 720	-	-	76 720
Equity derivatives	27	-	-	27
Other derivatives	15	-	-	15
Total assets	76 762	-	-	76 762
	Level 1	Level 2	Level 3	Total
Liabilities				
<i>Other non-current liabilities</i>				
Option portion of conv. loans	-	1 462	-	1 462
Equity derivatives	-	191	-	191
<i>Other current liabilities</i>				
Equities	23	-	-	23
Equity derivatives, etc.	62	-	-	62
Derivative instruments used for hedging	-	2	-	2
Other derivatives	39	100	-	139
Total liabilities	124	1 755	-	1 879

No changes between levels compared with the preceding year have occurred.

Related party transactions

During the first quarter of 2013, no related party transactions took place.

Other

Annual General Meeting and dividend

The 2013 Annual General Meeting will be held on Tuesday, May 7 at 2 p.m. at the Grand Hotel (Vinterträdgården) in Stockholm. The Board of Directors proposes a dividend of SEK 5.00 (4.50) per share and May 13, 2013, as the record date. Dividends are expected to be sent out via Euroclear Sweden on May 16, 2013.

Recommendation for election of board members at the Annual General Meeting

The Nominating Committee recommends the re-election of Christian Caspar, Boel Flodgren, Stuart Graham, Fredrik Lundberg, Sverker Martin-Löf and Anders Nyrén, and new election of Pär Boman. Hans Larsson has declined re-election. Pär Boman (born 1961) has been serving as President and CEO of Handelsbanken since 2006, where he has held a number of positions since 1991. Per Boman is also a board member of SCA and the Swedish Bankers' Association.

Conversion of convertible loan to shares

During the first half of 2013, 13 588 new Class C shares were issued as a result of requests to convert convertibles to shares within the scope of Industrivärden's convertible loan 2010–2015.

Following these conversions, the number of votes in the Company is 280 306 057, and the total number of registered shares in the Company is 386 284 812, of which 268 530 640 are Class A shares and 117 754 172 are Class C shares.

Stockholm, April 5, 2013
Anders Nyrén, President and CEO

This interim report has not been reviewed by the Company's auditors.

Ticker codes

INDUC SS in Bloomberg
INDUc.ST in Reuters
W:IUCF in Datastream

2012 Annual Report

Industrivärden's 2012 Annual Report was published on February 22, 2013, and is available on the Company's website and can be ordered from the Company.

Financial calendar 2013

Annual General Meeting 2013: May 7, in Stockholm
Interim report January–June: July 5
Interim report January–September: October 7

Publication

The information provided in this interim report is such that AB Industrivärden (publ) is obligated to publish pursuant to the Securities Market Act. Submitted for publication at 10.00 a.m. on April 5, 2013.

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Contacts and further information

Industrivärden's complete contact information can be found on page 1. For further information, please visit Industrivärden's website: www.Industrivarden.net.

Value creation

Active ownership – business concept and strategy

Industrivärden's business concept is to contribute to growth in the value of the portfolio companies through active ownership, which increases Industrivärden's net asset value and enables a total return for the shareholders which, over time, is higher than the average for the Stockholm Stock Exchange. Operations are built upon substantial ownership

influence, involvement, extensive experience, knowledgeable employees, a strong business model and a large network. Active ownership is exercised primarily through board representation and emanates from strategic issues of significance for the company's long-term growth in value. Our portfolio companies are leaders in their respective areas and have good geographic coverage.

Our view of SCA – case study



Through the acquisition of Georgia-Pacific's European tissue operation, the previous acquisition of Procter & Gamble's European tissue operation, the sale of the European packaging operation and the divestment of the paper mill in Laakirchen and of its part ownership in Aylesford Newsprint, SCA has carried out a strategic transformation towards more stable and highly refined products with higher profitability. SCA is now the clear market leader in Europe in tissue and hygiene products. The hygiene business today accounts for 79% of sales compared to 46% in year 2000.

Moreover, the acquisitions are enabling further efficiency improvement measures and are giving rise to both revenue and cost synergies. The foundation has now been laid for SCA to take advantage of its strong and profitable position in Europe to move forward with ventures in emerging markets in Asia and South America. SCA's focus on products with stable demand and higher profitability has been well-received by the stock market. During the last two years period the SCA share has increased by 65% compared to 3% for the Stockholm Stock Exchange.

Further information on the portfolio companies

Handelsbanken High customer satisfaction through local customer responsibility. www.handelsbanken.com



Unique know-how in customer-adapted materials technology. www.sandvik.com

VOLVO

Leading position in modern transport solutions. www.volvo.com



Innovative hygiene and forest products. www.sca.com

ERICSSON 

Leadership in telecom. www.ericsson.com

SKANSKA

International construction and project development operation. www.skanska.com

SSAB

Niche focus on high-strength steel. www.ssab.com

 **Indutrade**

Customer-focused technology sales with successful growth model. www.indutrade.se

ICA

Market-leading retail chain with local entrepreneurship. www.corporate.ica.se
